GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3296
ANSWERED ON:26.04.2007
PRICE OF DOMESTIC NATURAL GAS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the important recommendations made by Expert Committee on Integrated Energy Policy;

(b) the manner in which the Ministry is planning to independently regulate the price of domestic natural gas through cost-plus-basis; and

(c) the rationale of fixing price of natural gas through net-back-basis?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a): The Planning Commission had constituted an Expert Committee to formulate an Integrated Energy Policy, which submitted its report in August 2006. The key recommendations of the Committee relate to the following aspects of Energy:-

(i) Ensuring adequate supply of Coal with consistent quality;

(ii) Addressing concern of states rich in coal and hydro resource;

(iii) Ensuring availability of gas for power generation;

(iv) Power sector reforms;

(v) Reduction in cost of power;

(vi) Rationalisation of fuel prices;

(vii) Energy efficiency and demand side management;

(viii) Augmenting of resources for increased energy security;

(ix) Using natural gas abroad to set up captive fertilizer plants, gas liquefaction facilities, etc;

(x) Role of Nuclear and Hydro power;

(xi) Role of renewables;

(xii) Ensuring energy security;

(xiii) Boosting energy related R&D;

(xiv) Household energy security - electricity and clean fuels for all;

(xv) An enabling environment for competitive efficiency;

(xvi) Climate change concerns.

(b): The Government has decided that future production of gas from NELP fields, as also additional gas to be developed in future, by ONGC and OIL, as well as Joint Venture/Private Companies, would be sold at market related prices. NELP provisions do not envisage regulating the price of domestic natural gas through cost plus basis.

(c): The concept of fixing of price of natural gas through `net-back basis` would imply that the price of natural gas is derived from a given or assumed benchmark after deducting all relevant costs, etc.